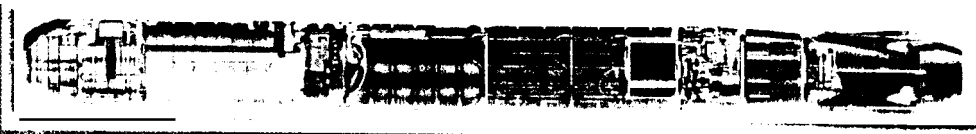


# Specifications and Standards A New Way of Doing Business

Mick Drustup  
Westinghouse  
Naval Systems Division



# The New Paradigm

DoD is shifting from a  
Defense-Unique  
Industrial Base to a  
National Industrial Base



# *Agenda*

Overview

Execution

Cost Drivers

Closing Comments

# ***A New Way of Doing Business***

## **Secretary of Defense Directed**

Immediate shift to performance specifications

Non-Government standards

Military management and manufacturing standards  
for guidance only

Transfer configuration control to contractors

Reduce direct Government oversight

Implementation of PAT Report Blueprint for Change

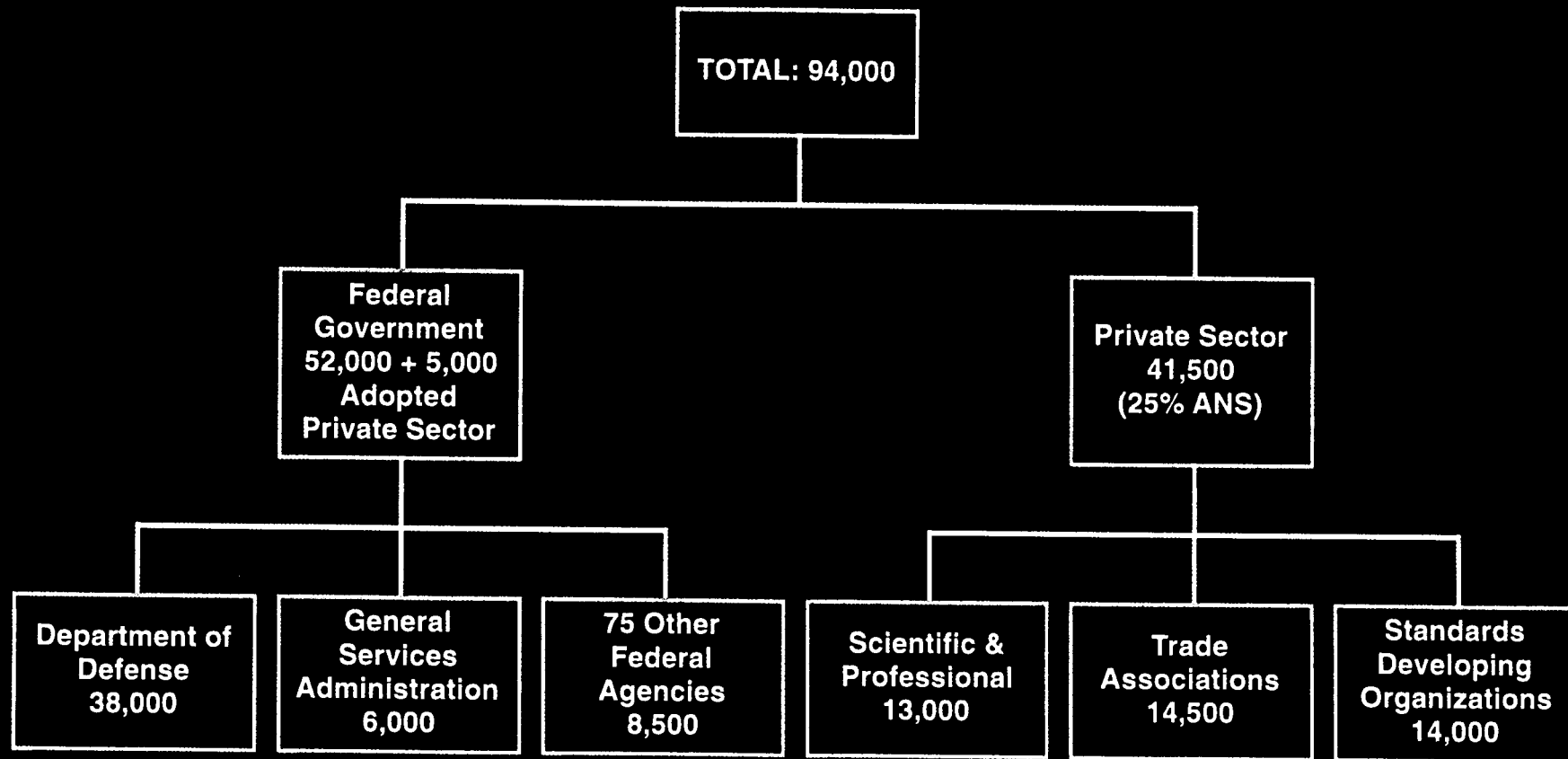
Established executive structure to oversee change

## *The Driver*

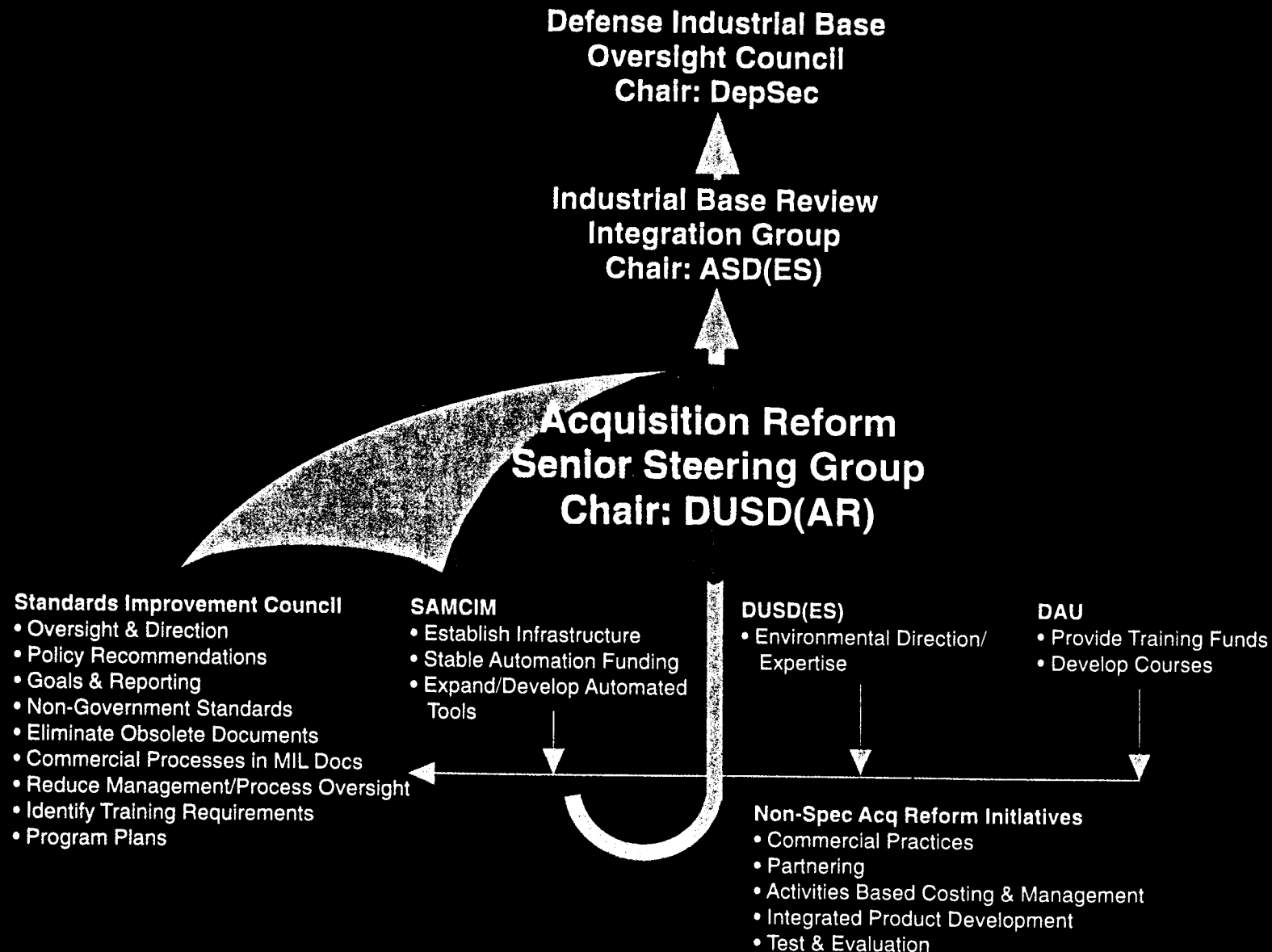
“ Defense acquisition reform is no longer a desirable goal; it is a national imperative. DoD's declining procurement budgets can no longer sustain a defense-unique industrial base to supply its needs... Without access to a broader national manufacturing and technology base, defense downsizing could jeopardize basic national security goals. ”

*"Blueprint for Change"*  
*April 1994*

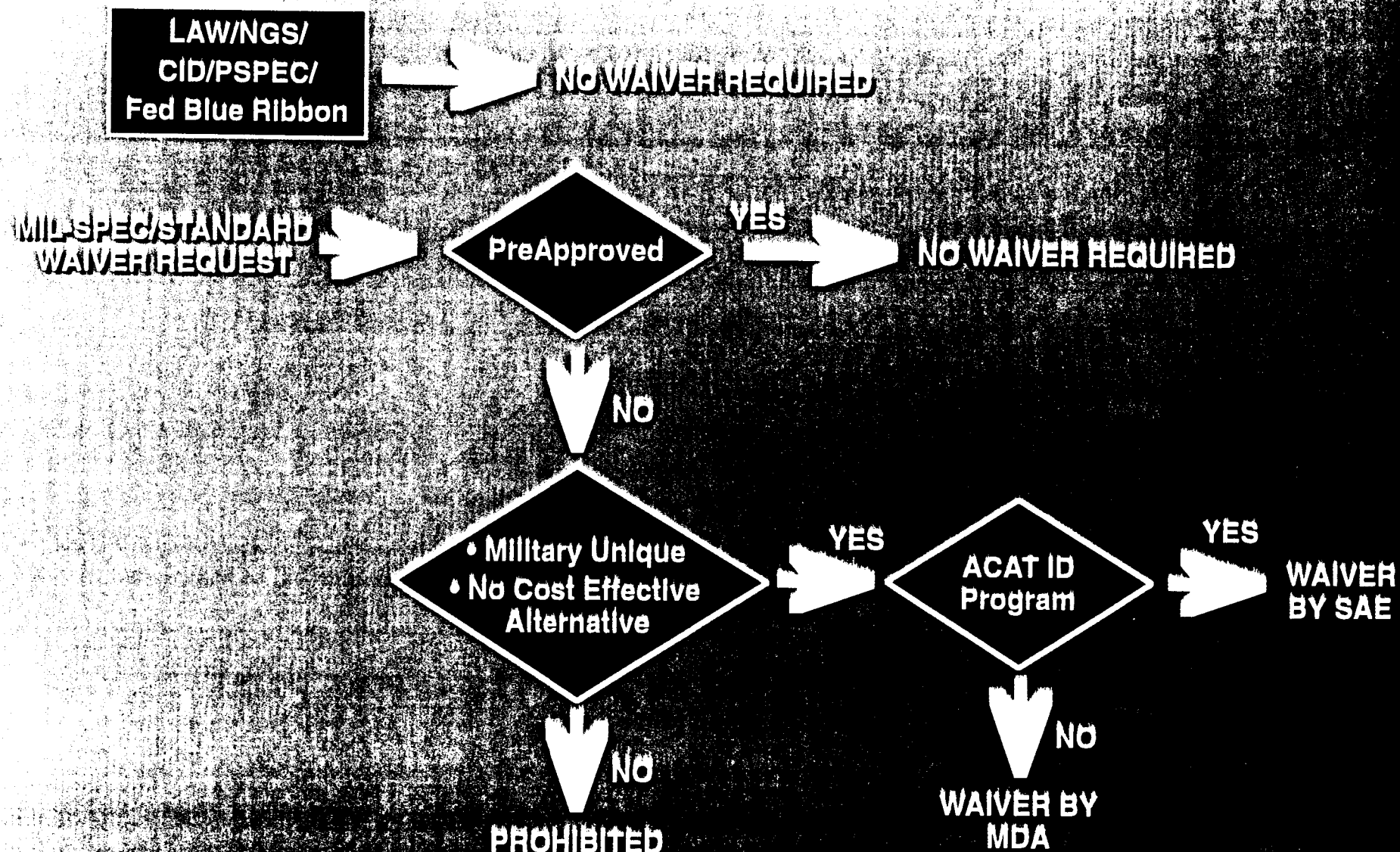
# U. S. Standards



# ***PAT Report Implementation Structure***



# Waiver Process





# ***Top Ten Cost Driver Specifications***

**The Willoughby Top Ten - February 1994**

<b>Number</b>	<b>Subject</b>
DOD-STD-100	Engineering Drawing Practices
MIL-Q-9858	Quality Program Requirements
MIL-STD-1520	Corrective Action and Disposition System
MIL-STD-1521	Technical Reviews and Audits
MIL-STD-2000	Soldered Assembly Requirements
MIL-STD-454	Electronic Equipment Specification
MIL-STD-480	Configuration Control
MIL-STD-499	Engineering Management
MIL-STD-965	Parts Control
MIL-STD-973	Configuration Management

**Directed to be Deactivated or Modified by 1 July 1996**

# ***The Change***

- ◆ Promote use of commercial products
- ◆ Promote use of commercial practices and processes
- ◆ Keep pace with advancing technology
- ◆ Contractor warranted design
- ◆ Eliminate non-value added requirements
- ◆ Enhance competition
- ◆ Advance Government/contractor partnerships and trust



# ***The New Way***

Use performance specifications

Use non-Government standards

Mil Specs & Stds require waivers

Reduce oversight

Reduce data requirements

Use COTS/NDI

Contractor maintains configuration below form, fit and function

Detailed drawings for reprocurement

# *Solicitation Methodology*

## ✓ Government Role:

- Identify requirements (i. e., performance specification)
- Conduct dialogue with potential offerors through draft RFPs/pre-proposal conferences
- Specify "best value" criteria in RFP
- Under "best value" propose areas for performance improvements
- Identify applicability of technical data package (i. e., for reference only)
- **Encourage alternative proposals!**

# ***Proposal Preparation & Submission***

## **◆ Contractor Role:**

- Develop performance specification
- Include products' performance requirements
- Include approaches to meeting Government needs—i. e., quality systems
- ◆ Can propose improvements above the minimum to improve their competitive position
- ◆ Identify changes to the technical data package
- ◆ Identify impact on logistics support, reliability, and environmental compatibility
- ◆ Provide quality assurance/warranty provisions
  - Drive continuous process improvement
  - Form/fit/function/Interchangeability

# ***Source Selection***

Best Value

Low bid not always winner

Requirements may be exceeded

Risk management

Past performance

Environmental management practices

Quality, RMA, ILS

# ***Post Award***

## **Contractor Role**

- Maintains technical data package for Government reprocurement

- Produces affordable quality products

- Contractor meets performance specification

- Provides objective evidence of specification conformance

- Provides warranty of product

  - Performance

  - Materials

  - Workmanship



# ***Reprocurement***

## Competitive

Current Government owned performance spec/drawings are used (i. e., info only) as the baseline for future procurements

Interchangeability (i. e., form, fit and function) of spare parts is required



## *Bottom Line*

- / Government obtains material like the commercial community
- / The best capability for the best price (i. e., best value) becomes the basis for contractor longevity
- / Government tells offerors what it wants and not "how to do it"
- / The Government meets the challenge by obtaining an affordable product with the best technology and best quality
- / Dual use industrial capability is achievable

# *The Cost of Change*

## **/ Shift to Performance Specification**

- Contractors can no longer hide behind Built-to-Print Government design**
- Contractor must warrant design**
- Significant shift of responsibility to contractor**
- Re-engineering business**
- Training**

# ***Cost Savings***

## **Market Driven:**

Use of Commercial Parts

Commercial Management Systems Efficiencies

Focus Directed to Product Unencumbered by  
Red Tape

## **Budget Driven:**

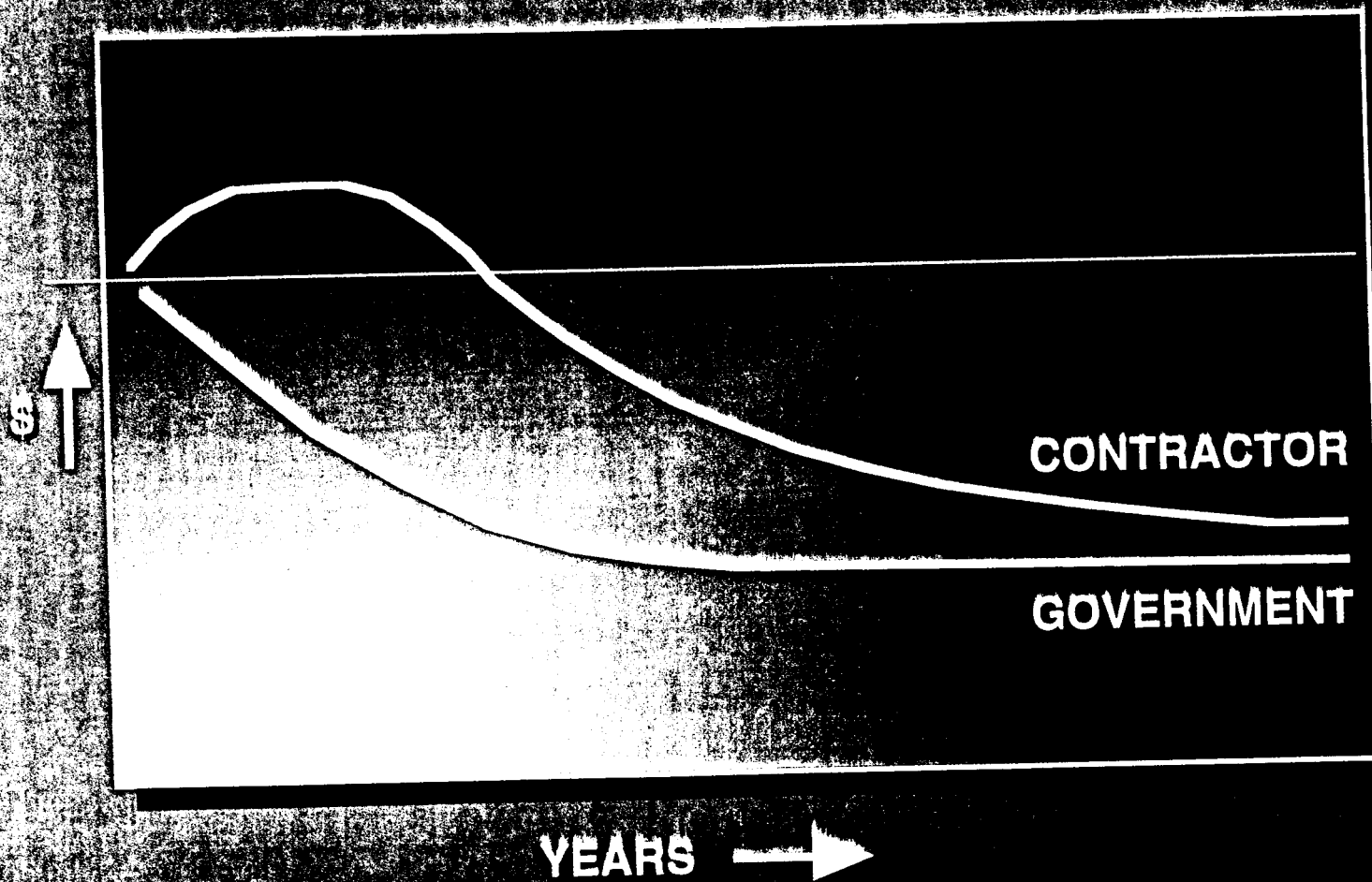
Reduced Oversight - DLA

Reduced TDA Oversight

Reduced Depot Activity

Reduced Acquisition Cycle Time

# ***Cost Reduction***



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## ***Other Reform Actions***

- ◆ Minimizing unique Government Ts & Cs
- ◆ Rewrite FAR to provide guiding principles instead of detailed regulations
- ◆ Electronic data interchange
- ◆ Reduce the procurement cycle time
- ◆ Streamline the process that determines needs and allocates resources

# *Issues*

Near Term FAR/DFAR Conflict with  
New Intentions

Rice-Bowl-ism

ST/STE

Shipboard Maintenance

Implied Warranty

Progress Payments

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# ***Closing***

The paradigm is shifting

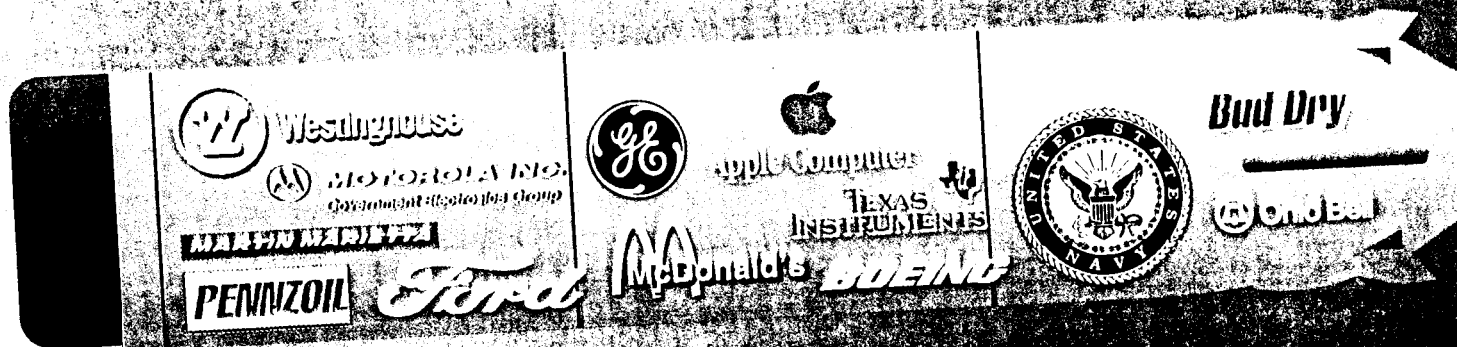
A Government industry partnership  
mandatory for success

Significant re-engineering and training  
required

Mistakes will be made

People drive cost





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